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ABSTRACT

A review of arguments for and against including business ethics courses in the Master of Business Administration (MBA) curriculum reveals strongly opposing views. Those favoring business ethics courses argue that such courses teach a way to approach and think through a problem and provide a framework for judging behavior, that the university must respond to the needs of business, and that such courses are offered by a majority of schools. Those opposing ethics courses contend that such courses are unnecessary because businesses should not be required to be socially responsible, there is little agreement about course content, corporate responsibility is too vague and idealistic a concept to be taught, graduate students already have firm ideas of right and wrong, students do not consider them necessary, the courses compete with essential classes, faculties lack expertise, some firms will not provide tuition reimbursement, and teachers would be teaching at a trade school level. In the analysis following this summary, it is concluded that few of the arguments against teaching ethics are valid, but none of the arguments for the subject are strong enough to warrant requiring such courses. Teaching about ethics should be concerned with ways of thinking through value judgments, not with value judgments themselves. (IS)

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SHOULD BUSINESS ETHICS BE A REQUIRED COURSE IN THE MBA CURRICULUM?

by

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FACULTY RESEARCH WORKING PAPER

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Introduction

If it is true that business exists to serve the needs of people, then the changing lifestyles of American society requires a concurrent change in the lifestyle of business. One very significant change is in the direction of more social involvement and social responsibility on the part of business. Until recently, private enterprise rated social responsibility a low priority item. However, as a result of the changing public expectations concerning business, where social goals are now top priority with members of the public, firms are being forced to become more cognizant of their responsibilities to society.

If an organization fails to live up to society's expectations, its public image and long-run viability are in jeopardy. Of equal concern, if a company does not engage in socially responsible behavior on its own accord, government intervention will force it to do so. Regulation is costly to business, and threatens the existence of our free enterprise system. Therefore, if a business can prevent the government from introducing new restrictions by its own socially responsible behavior, then it is accomplishing a public good as well as its own private good.

In the long run, social responsibility is in the self-interest of business. As a result of social improvements, crime will decrease, resulting in fewer tax dollars to support police forces. Labor recruiting will be easier and labor will be of higher quality. Turnover and absenteeism will be reduced. A better society makes a better environment for business.

Business, then, in order to survive in today's cultural environment, must be socially responsible. The choice of avenues of this responsibility will be influenced by the personal values of the managers making the decision. Since many of these managers (at least in the future) will be products of MBA programs, it might be argued that the universities ought to include business ethics in the MBA core.

On the other hand, according to John Stuart Mill, "What professional men should carry away with them from a University, is not professional knowledge, but that which should direct the use of their professional knowledge, and bring the light of general culture to illuminate the technicalities of a special pursuit..."[1]

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Just because business ethics is relevant does not justify its inclusion in the core of a university program, unless such a course is made up of a body of knowledge that can be transmitted from generation to generation, involves stimulation of thought processes, teaches critical analysis, or expands the cultural experiences of a society.

Over the last decade, articles have appeared both supporting and rejecting business social responsibility courses. What follows is a summary of arguments for and against Corporate Social Policy Courses as found in the literature. The name of the author is included in parenthesis.

The Arguments

Pro:

1. A course in social responsibility teaches a mental process, a way to approach and think through a problem. (Konrad, Purcell)

Such a course should point out the ramifications of social decisions. It should change one's course of thinking toward the realization that there is very little black and white and a whole lot of gray. A good course should stimulate a person to evaluate all viewpoints on a subject and to accept the most reasonable one, when all value judgments are in.

2. Business and Society courses give us a framework upon which to judge our actions and the actions of others. (Konrad, Purcell)

One function of this course is to show the complex interrelationship of business and society as a whole. There is a need to reinforce ethical values learned in childhood and to clarify them with respect to the socioeconomic issues of our technological society. If nothing else, it should make the student aware of the moral issues in the business society.

3. The university must respond to the needs of business. (Votaw)

Corporate responsibility has been accepted as a necessary part of doing business. The only way social reform can occur if the thinking of managers can be changed. Formal education is one of the most important instruments for

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bringing about this end.

4. Statistics alone show the critical importance of a course on the social role of the corporation. (Hanson, Purcell)

Over 58% of graduate business schools require a course in business social responsibility. 82% offer courses on corporate social policy. Obviously, a school would not require such a course if it weren't extremely relevant to the student. "If the majority do it, it must be right."

Con:

1. A course in business social responsibility is unnecessary because business should not be socially responsible.

a. A corporation's only responsibility is to be profitable or else it cannot accomplish its primary social function of providing jobs, products and services. (Purcell)

b. Social responsibility involves non-recoverable costs that do not contribute to profit and probably do not proportionately benefit society. (McMahon)

Costs can be measured, but it is often impossible to measure the benefits.

c. Corporate responsibility or irresponsibility has no impact on stock market quotations. (McMahon)

2. There is little agreement on what the content of corporate social policy courses should be. (Dierkes and Coppock, Hanson, McMahon)

Teachers have not agreed upon the general orientation or conceptual framework in their courses. There is no universal agreement on what fields of activity the university community should spend its efforts in to enhance the quality of life in our society. Among the approaches to the subject used are ones with emphasis on economics, philosophy, law, marketing, history, urbanization, government, or eclectics.

3. The concept of corporate responsibility is too vague and too idealistic to be applicable in profit-oriented business decision-making. (Lawrence, McMahon,

Miller and Miller)

According to Dean Donald Carroll of the Wharton School of Business, business ethics are simply too amorphous to be taught in formal courses. Most university business ethics courses are an exercise in futility, since most business situations are highly individualistic and must be approached on a personal level.

4. It is too late to reach business students with ethics courses. (Burr, Lawrence, Miller and Miller)

By the time a person attends graduate school, his views of right and wrong are well formed. Experiences in his home and schools have determined to a large degree the basic patterns of his business behavior.

5. A course in social responsibility should not be required because students do not acknowledge the need for it. (McMahon)

a. Corporate responsibility guarantees no direct payoff (and may hinder) in terms of salary increase or promotion for them.

b. Corporate responsibility has no direct bearing in their decision-making process. (Students perceive themselves dealing with problems on lower management levels.)

c. Superiors do not back up or reward socially responsible behavior nor punish infringing actions.

6. A course on corporate responsibility competes with other courses that business managers and faculty consider essential to decision-making. (McMahon)

Corporate responsibility is a "nonessential". Students who are required to take this course may lose a competitive edge over students in other MBA programs who are not required to take such a course and thus are free to take one that is essential.

7. There is a lack of faculty expertise necessary to teach such a course. (Hanson)

Professors of this course seem to come from every functional area of teaching.

8. There are firms with tuition reimbursement policies which will not pay for a course on social responsibility. (McMahon)

Unless there is support from the business community, courses on corporate responsibility are only academic luxuries.

9. To teach practical social responsibility would require a faculty to concentrate on teaching from technical expertise, lowering the course to a "trade school" level. (Maxwell)

Analysis

Of the eleven papers that dealt directly with the relevance of business ethics courses, seven of them spoke against the necessity of such material in the business school curriculum. A total of nine reasons for this belief were obtained. In view of what I have written above, most of these arguments do not have much validity.

The claim that business should not have to be socially responsbile is inviting the demise of businesses who subscribe to it. If a company cannot be depended upon to fulfill its contracts, to produce quality products or services, and to conduct its operations in a responsible and ethical manner, the company will not long endure. Secondly, the assumption that responsible behavior necessarily has a negative effect on profits is just not valid. Corporate experiences at Amoco and AT&T show this is not the case.[2] Also, since the public has become attuned to corporate responsibility, this should be reflected in the stock market.

Premises three, four and nine assume the role of corporate responsibility courses to be to teach behavior patterns and specific problem solving. This is not the objective of the university in teaching business ethics material. Rather, it is to provide a framework for the mental process of attacking social problems, and to make the student cognizant that such problems do exist.

As for argument number five, it is not the function of a university to teach only those courses which students find useful. As Robert Brustein stated in

"The Case for Professionalism", if the curriculum of a university were chosen by student vote, it would become virtually impossible to do any intellectual work there.

If the Business and Society course is eliminated from the required core of the MBA as I advocate (as long as corporate responsibility is included in the case studies of all other pertinant core courses), then statement six would no longer be a concern. In fact, business ethics would complement the material in the so-called "essential" courses.

As for premise 8, most firms with tuition reimbursement plans do pick up the tab for all MBA coursework. The fact that a select few companies in the Chicago area do not is certainly an exception to this rule. What this statement is really saying is that there are still some firms who have not adapted to the changing environment. It would be my guess that these same firms will either do so in the near future, or they will find their profits beginning to deteriorate from lack of public acceptance of their non-social responsibility stance.

This leaves only statements two and seven, which deal with the problems of what to teach and who should teach the business ethics course. I have no definite answer to these criticisms. Whatever person (lawyer, economist, philosopher, marketing, etc.) can guide students in evaluating problems, responding to criticism and seeking the most logical solutions to dilemmas should teach the course. In those schools where such a person does not exist, the course should not be offered, even as an elective. The basic problem is finding a person with expertise in all areas of business who can also teach logical thinking. A philosopher satisfies the latter condition, but probably is not aware of the accounting, ecological, or marketing aspects of social responsibility. Persons with Ph.D.'s in particular business disciplines also may lack the expertise of areas outside their discipline and may find teaching critical thinking difficult. A team teaching approach can be utilized, but the overall continuity of such a course often suffers. This is why I advise social responsibility to be taught within each area of the business core, so the expertise (and perhaps experiences) of each individual teacher can be

applied to the ethical problems.

The content of social responsibility courses have traditionally (and understandably) reflected the training of the instructor. Lawyers stress law, historians stress history, etc. This will remain true until a new breed of instructors have developed who can teach all aspects of a business ethics course. Schools today are starting to offer Ph.D. degrees in the social environment of business (University of California at Berkeley is one), and as these persons become available to teach, a more unified course can be offered. Until then however, I must again stress that the best place for corporate social responsibility problems to be handled is within the framework of already existing core courses.

In terms of the arguments <u>for</u> social responsibility courses, I cannot argue against the first two premises, except to note that these concepts certainly can be incorporated into already existing courses. The framework for judging actions should already be present in a business policy course for example (and maybe in others as well). Case study analyses in other MBA courses should be teaching rational evaluation of problems.

"Pro" premise three assumes again that a university course should teach specific actions rather than rational thinking. What social responsibility courses should do is make a manager aware of the problems of social reform.

If one were to base all decisions upon statistical evidence of the sort described in statement four, then the fact that 7 of 11 papers were against business ethics courses should sway one to the belief that such material is a waste of time. Although it may be interesting to note that more than one-half of the MBA programs do require a course in business social responsibility, that statistic alone should not convince a person that such a course is relevant. Majority support does not make something 'right'.

None of the arguments against business ethics can convince me that such a discipline is a waste of time and effort. On the other hand, none of the arguments presented for such a course are strong enough to warrant <u>requiring</u> Business and

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Society as part of the MBA curriculum. Business ethics courses cannot (and should not) prescribe solutions to ethical questions or attempt to teach how a person should behave in given circumstances. What is necessary is to expose the student to dilemmas of the real world so the student can learn to think through solutions to those problems. It basically becomes a course in critical thinking.

Thus teaching business responsibility tends to take the pattern of case studies and discussions embedded in a variety of disciplines, such as marketing, law, management, accounting and business policy. Since courses in these areas are already required in most MBA cores, the question of social responsibility could be taken up individually in each of them. Each instructor would handle the question of social responsibility in the area of his expertise.

In conclusion, corporate social responsibility is a pertinant area of concern to business. But, not all areas of social responsibility can be undertaken by a given company. There is a need to establish a code of ethics and social priorities that apply to that particular company based on the unique strengths of that organization. This can only be done within that organization itself. In a university setting, the teaching should be concerned only with ways of thinking through value judgments and not with the value judgments themselves. This should be done in courses that already exist within the MBA core. Consequently, business and society courses should not be required of the MBA student. For those students who wish an overall view of business social problems, such a course could be offered as an elective, provided there is someone qualified to teach a course in critical thinking about value decisions.

Footnotes:

1. Lichtman, Richard, "The University: Mask for Privilege?", p 61.
2. Orr, Leonard H., "Is Corporate Social Responsibility a Dead Issue", p 5.

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*These papers were not part of the eleven used in the listing of the pros and cons.